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IN THE SUPREME COURT OF THE UNITED STATES

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TRAFFIX DEVICES, INC., :  
Petitioner :  
v. : No. 99-1571  
MARKETING DISPLAYS, INC. :  
- - - - -X

Washington, D.C.  
Wednesday, November 29, 2000

The above-entitled matter came on for oral  
argument before the Supreme Court of the United States at  
10:03 a.m.

APPEARANCES:

JOHN G. ROBERTS, JR., ESQ., Washington, D.C.; on behalf of  
the Petitioner.  
LAWRENCE G. WALLACE, ESQ., Deputy Solicitor General,  
Department of Justice, Washington, D.C.; on behalf of  
the United States, as amicus curiae, supporting the  
Petitioner.  
JOHN A. ARTZ, ESQ., Southfield, Michigan; on behalf of the  
Respondent.

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1 P R O C E E D I N G S

2 (10:03 a.m.)

3 CHIEF JUSTICE REHNQUIST: We'll hear argument  
4 now in Number 99-1571, Traffix Devices, Inc. v. Marketing  
5 Displays, Inc.

6 Mr. Roberts.

7 ORAL ARGUMENT OF JOHN G. ROBERTS, JR.

8 ON BEHALF OF THE PETITIONER

9 MR. ROBERTS: Thank you, Mr. Chief Justice, and  
10 may it please the Court:

11 The president and founder of Marketing Displays,  
12 Incorporated, MDI, invented a new type of sign stand, one  
13 with a dual-spring design that allowed the stand to resist  
14 the wind. MDI patented that invention and, for the term  
15 of its patents, MDI labeled its sign stands as patent-  
16 protected to warn of copiers, touted in its trade  
17 literature the benefit of its, quote, patented dual-  
18 spring design, end quote, and when another company,  
19 Windproof, tried to market a copy of MDI's patented stand,  
20 MDI sued it for patent infringement and won.

21 But then MDI's patents expired, as under the  
22 Constitution all patents eventually must. Sometime  
23 thereafter, Traffix Devices, the petitioner, copied MDI's  
24 stand, added some improvements of its own, and marketed a  
25 competing version. No longer armed with its patents, MDI

1     tried a new tack to exclude competition.  It claimed that  
2     the configuration of its stand, the same dual-spring  
3     design that it had touted as patent-protected during the  
4     term of the patents, was protected as trade dress and  
5     could not be copied.

6             QUESTION:  Mr. Roberts, how do we determine what  
7     the patent covers?  Does it -- I mean, I can look at it,  
8     but I'm still not sure.  I think in the record, in the  
9     material here, we have a copy.  Does it include in this  
10    case the legs and the whole structure, or just the dual  
11    spring, and how do we normally determine what the patent  
12    covers?

13            MR. ROBERTS:  Well, in this case, of course,  
14    it's easy to determine that the patent covers this  
15    particular sign stand because MDI labeled that sign stand  
16    as patent-protected.

17            QUESTION:  The whole thing?

18            MR. ROBERTS:  The whole sign stand, yes.

19            QUESTION:  Legs, spring, and all?

20            MR. ROBERTS:  And all, but in its trade  
21    literature, for example, it focused on the dual-spring  
22    design.  That is what makes the invention work.  That's  
23    what allows it to resist the wind, and it said, this is  
24    our patented dual-spring design and, of course, it not  
25    only labeled the stands but in its trade literature, and

1 in the Windproof case it sued when somebody made an exact  
2 replica, the same replica that Traffix Devices --

3 QUESTION: So under your view of the case, if  
4 the legs that the patentee had had a very special color,  
5 like the John Deere green or something, that could be  
6 copied after the patent ran? Because I notice --

7 MR. ROBERTS: Well --

8 QUESTION: -- in the pictures the legs were  
9 orange in your client's stand and aluminum in the other.

10 MR. ROBERTS: Well, incidental ornamentation  
11 that is not part of what the patent protects does not give  
12 rise to the right to copy. There should be an exact  
13 symmetry. Whatever the patent had protected as part of  
14 the patent bargain, the public has the right to copy.

15 Now, the color of the legs probably would not  
16 have been claimed in the patent, and wouldn't have been  
17 part of the invention, and therefore it would not give  
18 rise to a right to copy that color.

19 QUESTION: In any event, they're different in  
20 this -- if I'm looking at the right diagrams the -- your  
21 client has a different -- has the orange color.

22 MR. ROBERTS: Well, it depends on which stand is  
23 involved. The steel stand is one color and the aluminum  
24 stand is another, but in terms of what they claimed in the  
25 patent as -- the part that makes the invention work, it's

1 not the legs that made this invention. It's not the sign.  
2 It is the dual-spring design. That's what they said was  
3 patented. When they marketed this, when they had the  
4 exclusive right to do so, they focused on that in their  
5 trade literature, said this is our patented dual-spring  
6 design, and that is the same claim they now raise in their  
7 trade dress assertion.

8 QUESTION: But Mr. Roberts, didn't the court of  
9 appeals say, at least as I understood it to say, okay, the  
10 dual springs Traffix could have, but you have to devise  
11 some kind of other stand, curved legs, or a double stand.  
12 I thought that's --

13 MR. ROBERTS: It said we -- it said we basically  
14 had to design around their stand. Now, if they said, you  
15 could use three springs or four springs, I guess it would  
16 never end, five springs, or you could put a little skirt  
17 around the springs so people wouldn't see them, or, as  
18 Your Honor points out, if you're going to use the springs  
19 you have to change something else so it doesn't look like  
20 it.

21 But that's not what this Court's cases have  
22 held. What the Court has said, Singer and Kellogg and  
23 Sears, is that the public has the right to copy the  
24 patented invention in precisely the form in which it was  
25 practiced, and that's critically important. The idea of

1 designing around what had previously been patented is a  
2 significant hindrance to competition, and this case is a  
3 good example.

4           When we copied the sign we added an important  
5 improvement of our own, the step-and-drop leg. Under  
6 MDI's stand you have to bend over and pull the pins out.  
7 Under ours, you just step and the legs come out.

8           Now, if the rule were the rule that the  
9 respondents are arguing for, we would have had to add that  
10 new improvement to some different sign stand, but the  
11 right to copy attaches to the product as it was practiced  
12 during the term of the patent. We don't have to design  
13 around their superior stand -- that's why it succeeded in  
14 getting the patent -- to add improvements of our own.

15           QUESTION: Does it depend in part on how we  
16 define functionality under the trade dress inquiry?

17           MR. ROBERTS: We think there is a freestanding  
18 right to copy from an expired patent, that it doesn't  
19 depend upon what functionality is.

20           QUESTION: And you think that there can never be  
21 a trade dress protection in some aspect of an expired  
22 patented item?

23           MR. ROBERTS: If the item was simply incidental  
24 ornamentation -- one of their amici used the example, if  
25 you're patenting a chair and the drawing shows a purple

1 bow. Well, we don't think there's a right to copy the  
2 purple bow, because the purple bow is not covered. That's  
3 not the invention.

4 QUESTION: So there could be a trade dress in an  
5 expired patented item.

6 MR. ROBERTS: In the item itself, yes, but not  
7 in the subject of the patent.

8 QUESTION: And I suppose that depends on how we  
9 define functionality, in a sense.

10 MR. ROBERTS: Functionality I think leads to the  
11 same place that we come to from looking at patent law, if  
12 you define functionality as it has traditionally been  
13 defined, as turning on usefulness.

14 If functional -- if functional means useful,  
15 then our case comes out the same way, because you have to  
16 be useful to get a patent, and if it's been the subject of  
17 a patent, the feature has been useful, therefore it's  
18 functional, therefore it's not eligible for trade dress  
19 protection.

20 QUESTION: Justice O'Connor's question suggests  
21 this to me. You're arguing for the rule that you maintain  
22 here so that you will not have to litigate functionality.

23 MR. ROBERTS: Exactly, and functionality --

24 QUESTION: But why isn't functionality  
25 sufficient protection, particularly in this case?



1                   MR. ROBERTS:  Functionality is sufficient if  
2                   functionality means useful, but if functionality means, as  
3                   the lower court said in this case, something for which  
4                   there is a competitive need, or for which there are not  
5                   available alternatives, and there's a multi-factor  
6                   balancing test to determine so-called legal  
7                   functionality --

8                   QUESTION:  Well, I guess the court, the Sixth  
9                   Circuit pulled that out of Qualitex' opinion.

10                  MR. ROBERTS:  Well, we --

11                  QUESTION:  The competitive need.

12                  MR. ROBERTS:  I don't think Qualitex opined on  
13                  the exact definition of functionality in this case, or it  
14                  was misread by the lower court.  The definition in  
15                  Qualitex had a very important connector there.  It said, a  
16                  useful product feature, or, and then it went on to talk  
17                  about competitive need, so --

18                  QUESTION:  So as far as you're concerned, if  
19                  it's useful, then it's functional?

20                  MR. ROBERTS:  Period, without regard to  
21                  competitive need, available alternatives -- MDI's position  
22                  is, look, you can make a sign that stands up to the wind  
23                  that's just as good as our sign stand, so don't make it  
24                  the way we made it, but the patent, the expired patent  
25                  gives us the right to copy --

1                   QUESTION: Well, it gives you -- this -- I think  
2 my question is related to Justice O'Connor's, and this is  
3 a problem that I have in understanding, and maybe you can  
4 help me. You have a right to copy the invention. Does it  
5 follow that you have a right to copy the configuration  
6 that that invention took in the hands of the patent  
7 holder?

8                   MR. ROBERTS: I think Justice Brandeis' opinion  
9 in Kellogg answers that. Kellogg did not have to show  
10 that there was no way to make or sell shredded wheat other  
11 than in the pillow-shaped biscuit form that Nabisco had  
12 made famous when it had its patent. It was enough that  
13 that was the form in which Nabisco had practiced its  
14 patent. Kellogg therefore could copy it, even though they  
15 could have made shredded wheat some other way, and that's  
16 important precisely because of the purpose of the patent  
17 bargain to promote competition.

18                   As I said, why -- if we have an improvement to  
19 this sign stand, the step-and-drop legs, why should we  
20 have to add it only to a very different sign stand? It's  
21 the commercially proven version that the public has the  
22 right to copy. That is important to enhance competition.  
23 To require people, if they're going to make improvements,  
24 to design around the form that the public had become  
25 accustomed to, would inhibit competition, and --

1                   QUESTION:  If we were dealing, Mr. Roberts, with  
2   just the patent law, that would be one thing and, as I  
3   understand it, although it's confusing, the word useful is  
4   a patent term of art and functionality is a trade dress  
5   term of art, but you're trying now to equate these two  
6   terms in answer to questions that you've had as one and  
7   the same, but they have different purposes, as I  
8   understand it, in the patent law, the idea of useful,  
9   trade dress, the idea of functionality.

10                   You recite the old cases like Kellogg.  It's  
11   been argued that on the trade dress side the law has  
12   evolved since those old cases, and it's now, trade dress  
13   gets more protection.

14                   MR. ROBERTS:  Yes.  You're dealing with what is  
15   in the trade dress area essentially judge-made law, and it  
16   has expanded in various ways, and functionality -- it  
17   doesn't interfere with the patent bargain if functionality  
18   means a broad range of other things, but so long as it is  
19   also satisfied completely by a demonstration that it is a  
20   useful product feature.

21                   There may be other limitations on a trade dress  
22   claim going to competitive need, available alternatives,  
23   any of the various multi-factor tests, but if  
24   functionality is going to serve the purpose of demarking  
25   the regime of trademark and trade dress and patent law, it

1 must be satisfied by a showing that it is a useful product  
2 feature and in our case that's significant, because you  
3 can't get a utility patent as MDI had, without showing  
4 that it's a useful product feature, so the fact that they  
5 had a utility patent, that it covered the dual-spring  
6 design, should be enough to establish functionality and  
7 therefore should be enough to reject their trade dress  
8 claim.

9           QUESTION: Do you agree that at least one basis  
10 on which we could decide this case would simply be on the  
11 basis of how expensive a concept of configuration trade  
12 dress we want, because if we take your position,  
13 configuration trade dress is going to be, at least in  
14 formally patented matters, a pretty narrow concept, and if  
15 we're going to have coherence within the concept of  
16 configuration trade dress, we're going to have to make it  
17 equally narrow.

18           I mean, we can't have different functionality  
19 tests, I presume, and if on the other hand we find good  
20 reason to think configuration trade dress is desirable,  
21 then we're going to go the other way with a different  
22 concept of functionality, I suppose.

23           MR. ROBERTS: I think it is the expansion of the  
24 concept of configuration trade dress that has given rise  
25 to this issue and the problem. If you go back to where

1 trademark was limited to marks on the product, of course,  
2 the product could be patented, the trademark is fine. If  
3 you even then go the next step, and you're talking about  
4 trade dress and packaging, again, so long as it's distinct  
5 from the product, there's no interference with patent.

6 But when you start saying that the configuration  
7 of the product itself is entitled to protection as trade  
8 dress, you bump right into the patent law, because the key  
9 to the patent bargain is, if you're going to control a  
10 useful product feature, as the Court said in *Qualitex*,  
11 that's the regime of patent law, and it's no answer to  
12 say, well, we're protected by patent law and when the  
13 patent expires we're protected under trade dress law,  
14 because that takes away the public's half of the patent  
15 bargain. We're giving exclusive right to an inventor for  
16 a term of years on the condition that he or she disclose  
17 what the invention is, and that the public obtains a right  
18 to copy it when the patent expires.

19 So yes, I mean, it is the expansion of product  
20 configuration trade dress that has given rise to this  
21 problem, and I would at least suggest that the Court  
22 should not get on board with that expansion without  
23 waiting for Congress to say something about it,  
24 particularly given the fact that it so directly impinges  
25 upon the central patent bargain underlying the patent

1 system.

2 QUESTION: Of course, Mr. Roberts, you rely  
3 heavily on the patent in this case, and that's the  
4 question presented. You've presented only that narrow  
5 question. But I take it you would argue even if there had  
6 been no patent issued in this case, no patent application,  
7 that this was nevertheless functional?

8 MR. ROBERTS: Certainly, yes, and --

9 QUESTION: The fact of the patent really is just  
10 evidentiary support for the ultimate conclusion that this  
11 is a functional feature.

12 MR. ROBERTS: Well, it gives rise to an  
13 important distinction. In other words, having been  
14 covered by the patent, another producer knows that when it  
15 comes off patent he can copy it, and that's how it worked  
16 in this case. Traffix Devices knew -- they were in the  
17 business -- this was a patented sign stand, they couldn't  
18 make it, it comes off patent, they can make it.

19 Now, if they at that point had to -- instead, if  
20 respondent's position were adopted, they had to go to  
21 their lawyer and say, is this legally functional, their  
22 lawyer would tell them, well, it depends. There are six  
23 factors in this circuit, there are eight factors in the  
24 other circuit. We've got to get expert economic  
25 testimony. It depends on consumer surveys. By that time

1 the producer says, forget it, it's not worth the candle,  
2 I'll go make something else, and competition suffers.

3 QUESTION: The difficulty, I guess is, would you  
4 make the test absolute, because if you make it absolute,  
5 you know, you're going to get into huge litigation about  
6 whether this thing in the patent was or it was not an  
7 essential element, and then somebody will say, oh yeah, I  
8 guess I did include it as one of the specifications in the  
9 patent, but it really wasn't that important.

10 I mean, should you make it absolute never, or  
11 should you allow somebody to defend on the ground that,  
12 look, it wasn't that crucial to the patent, and  
13 everybody's come to identify it, and please let me make an  
14 exception here, and then they give some fabulous reasons.  
15 Should it be absolute, or leave them a little bit of a  
16 loophole?

17 MR. ROBERTS: Well, you know, a little bit of a  
18 loophole suddenly expands, particularly when you have a  
19 multi --

20 QUESTION: But it goes both ways, because if you  
21 allow no loophole you're going to get the same kind of  
22 arguments about whether it was or was not an essential  
23 part of a patent.

24 MR. ROBERTS: Well, of course, in this case it's  
25 easy. The key to the invention --

1           QUESTION: In this case it may be easy, but the  
2 question is, what about the rule?

3           MR. ROBERTS: -- and producers all the time  
4 compete all the time in the confines of patents. They  
5 have to look at a patent and decide, can I make a  
6 competing product or not, so it's not a new inquiry, and  
7 in the typical case such as this, where you have a product  
8 coming off patent, you will have the conduct of the  
9 patentee, which will illuminate exactly what he thought  
10 was covered. Here, we not only have the labeling and the  
11 trade literature, we have the Windproof litigation.  
12 Someone made the exact same sign here and he said, a-ha,  
13 that infringes my patent. Well, if it did infringe his  
14 patent, and the Ninth Circuit concluded it did, then the  
15 public has a right to copy.

16           I'd like to reserve --

17           QUESTION: Wasn't the exact same sign -- I  
18 thought one of the points that was made was that in the  
19 patent infringement case, that sign didn't look as much  
20 like the Market Display signs --

21           MR. ROBERTS: Yes. The patent displays what  
22 they call a business sign, with two springs far apart.  
23 The Traffix sign, the one at issue in Windproof and at  
24 issue here, the springs are closely together.

25           MDI argued successfully that made no difference,



1 that the two closely spaced springs were covered by the  
2 patent to the same extent as the farther apart springs.

3 Thank you, Your Honor.

4 QUESTION: Very well, Mr. Roberts. Mr. Wallace,  
5 we'll hear from you.

6 ORAL ARGUMENT OF LAWRENCE G. WALLACE  
7 ON BEHALF OF THE UNITED STATES, AS AMICUS CURIAE,  
8 SUPPORTING THE PETITIONER

9 MR. WALLACE: Thank you, Mr. Chief Justice, and  
10 may it please the Court:

11 Our brief is built on the premise that the  
12 functionality doctrine, the traditional functionality  
13 doctrine of trademark law is what makes trademark  
14 protection of trade dress and other symbolic elements  
15 consistent with this Court's patent law jurisprudence, as  
16 synthesized and reaffirmed as recently as the Bonito Boats  
17 case, but I think part of the reason the two laws  
18 harmonize is because the use of functionality doctrine is  
19 to limit the scope of protection of the device.

20 Its traditional function was to bar the holder  
21 of a patent or other utilitarian device, even if  
22 nonpatented, from withdrawing that device from the public  
23 domain when there's no longer the protection of the patent  
24 as trade -- withdrawing it from the public domain as trade  
25 dress because people have a right to practice and use as

1 the building blocks for further innovation whatever  
2 devices are in the public domain that are utilitarian in  
3 nature, including their overall configuration, but there  
4 is still protection against confusing similarity through  
5 requirements of labeling, packaging, avoiding palming off  
6 and other misrepresentations.

7           Functionality really goes to the scope of  
8 protection, and limits the scope of protection available  
9 under trademark law by preventing someone from  
10 monopolizing and withdrawing from the public domain  
11 utilitarian features or the entire utilitarian device in  
12 the absence of valid patent protection. That is the  
13 domain of patent law, and one must qualify for a patent  
14 and have a valid patent in order to have a legal monopoly  
15 that withdraws, that prevents others from using the  
16 device, but there -- as I say, these other protections are  
17 still available as well as the ability to exclude  
18 ornamental or incidental features. That is what to us  
19 harmonizes the two statutory schemes.

20           The traditional understanding of functionality  
21 was not an artificial concept. It was the ordinary  
22 meaning of the word. What enables the device to function  
23 is what is functional. That was reflected in a very terse  
24 quotation we have in a footnote on page 17 of our brief by  
25 Representative Lanham himself, when someone raised

1 concerns about whether the trademark law might result in  
2 compromising of the public's right to use useful  
3 inventions, and he said --

4 QUESTION: Mr. Wallace, may I ask if you would  
5 answer the question that Justice Stevens posed to Mr.  
6 Roberts in the same way? That is, the definition you're  
7 now giving us as functional sounds like you would come out  
8 the same way on this alleged trade dress infringement,  
9 even if there had never been any patent in the picture,  
10 because this sign, all the ingredients are functional.  
11 There's no purple bow on it.

12 MR. WALLACE: That is absolutely correct. We  
13 would come out the same way as we were -- I think this  
14 Court's decision in Bonito Boats is an example of that,  
15 because there was no patent shown in the record, as the  
16 court noted, of the boat hull that they said could not be  
17 copied.

18 QUESTION: So your position is the utilitarian  
19 feature of the patent is a conclusive presumption in a  
20 trade dress suit where functionality would otherwise be at  
21 issue?

22 MR. WALLACE: With regard to the scope of  
23 protection, that others cannot be excluded from using  
24 something utilitarian.

25 As we compressed our brief down to our allotted

1 30 pages we carefully preserved a quotation on page 11  
2 that you can see at the top of the page from the 1917, or  
3 1911, excuse me, Seventh Circuit decision because it  
4 states the common sense of it. If you have utilitarian  
5 features that didn't even meet the standard for getting a  
6 patent, they should not be given a perpetual monopoly in  
7 contrast to what was then the 17-year monopoly that you  
8 could get if you met the criteria for patentability.

9           The other protections available against  
10 confusing similarity make the need for a right to exclude  
11 imitation of trade dress relatively unimportant compared  
12 to the policies this Court has reiterated at least since  
13 1896 in the Singer case about the need for utilitarian  
14 features to be used as building blocks and to be in the  
15 public domain except for the limited period of time in  
16 which they are protected by a valid and unexpired patent,  
17 and we understand this Court's decision in *Qualitex* to  
18 mean much the same thing.

19           The difficulty has arisen because an alternative  
20 test of functionality has also become appropriate as the  
21 scope of trademark protection has extended to matters that  
22 don't have utilitarian features to them. We point  
23 particularly to the protection of color as an example,  
24 where there is relevance to looking at competitive need  
25 in -- we give an example in our brief of an orange-colored

1 can of soda.

2           There were other amicus submissions in the  
3 Qualitex case in which people were making claims that  
4 raised issues that went quite beyond what was involved in  
5 the press pad that was at issue in Qualitex. One of them,  
6 for example, involved orange-colored sprinkler system  
7 piping. Well, it raised other questions. I don't say the  
8 result would necessarily be different, but one would have  
9 to examine whether a competitor who wanted to compete for  
10 replacing a portion of the piping would be disadvantaged  
11 if he couldn't match the color of it.

12           It was a different case from the Federal  
13 Circuit's Corning, Owens-Corning case involving the pink-  
14 colored insulation, because that goes behind the wall and  
15 people don't see it. The orange coloring in some contexts  
16 connotes danger, and perhaps there is marketing  
17 significance to that.

18           But the mistake that I think some of the courts  
19 of appeals have made, including the Sixth Circuit in this  
20 case, is to say that that is now the exclusive approach,  
21 and you wind up with multi-factored tests that don't  
22 really give an adequate guidance to what the law is.

23           A very good example is found on page 17 of the  
24 light green amicus brief filed by the International  
25 Trademark Association in this case, in which they speak

1 approvingly of various multi-factored tests that the  
2 courts of appeals have adopted in this area, which leaves  
3 open what this Court in its salutary opinion in Wal-Mart  
4 v. Samara Brothers referred to as the plausible threat of  
5 litigation which can discourage competitors and become an  
6 impediment to the benefits that consumers would get from  
7 competition, and to have tests of this kind applied to  
8 displace the traditional approach to functionality would  
9 be very detrimental to competitors for the very reasons  
10 the Court has recognized in the cases synthesized in the  
11 Bonito Boats opinion.

12 QUESTION: Mr. Wallace, I'm not sure what your  
13 proposal is, that we use the simple test for what, for  
14 useful features --

15 MR. WALLACE: That --

16 QUESTION: -- whether or not they are patented,  
17 and the more complex test for -- for what?

18 MR. WALLACE: Both -- either test can show that  
19 something is functional, whichever one suits the needs of  
20 the particular factual situation.

21 QUESTION: Thank you, Mr. Wallace.

22 Mr. Artz, we'll hear from you.

23 ORAL ARGUMENT OF JOHN A. ARTZ

24 ON BEHALF OF THE RESPONDENT

25 MR. ARTZ: Mr. Chief Justice, and may it please

1 the Court:

2 This Court granted certiorari due to a conflict  
3 between regional courts of appeals on one issue, and that  
4 is whether or not the visual image and appearance of a  
5 product -- with a product whose operation and performance  
6 was covered by a utility patent, can still be protected as  
7 trade dress under section 43(a) of the Lanham Act. The  
8 imposition of any per se rule, whether the Government's  
9 rule or Traffix rule, which says it cannot be protected in  
10 my opinion is unnecessary, unjustified, and unworkable.

11 It's unnecessary because there are already  
12 adequate rules in place, the trade dress rules and  
13 functionality that have been referred to already. It's  
14 unjustified because it would cause harm to the public's  
15 right not to be confused or deceived. Those are paramount  
16 in trade dress and trademark cases under the Lanham Act.  
17 That's a touchstone of the Lanham Act. It would also --

18 QUESTION: It's a touchstone of patent law that  
19 an expired patent can be copied, so we really do have to  
20 make the two doctrines mesh well.

21 MR. ARTZ: Yes.

22 QUESTION: And the concern we have is with this  
23 expanded competitive need test that some of the lower  
24 courts have begun employing, and I am quite interested to  
25 know how you think the two doctrines can fit neatly

1 together, because in an ideal world a trade dress could  
2 not cover something that was covered by a patent that's  
3 now expired.

4 MR. ARTZ: Well, Justice O'Connor, the mediating  
5 factor between the two is the functionality test, in my  
6 opinion. There's -- you've got the patent laws, you've  
7 got the trademark laws and the Lanham Act, two federal  
8 laws --

9 QUESTION: And it's possible that some of the  
10 courts have lowered the bar too much on the functionality  
11 inquiry. I mean, I think that's what we need to look at.

12 MR. ARTZ: Well, in the Qualitex case, the  
13 Qualitex gave a specific definition of functionality, and  
14 remember now, in 1998-1999, Congress made some amendments  
15 to the trademark act, or Lanham Act, and in this they  
16 specifically mentioned functionality several times.

17 They added it to the fact that you can't have  
18 functional trademarks -- you can't have trademark that's  
19 functional but if it's nonfunctional you can, and they  
20 knew about the Vornado case at that time because it was  
21 decided in 1995, and that's the Tenth Circuit, and there's  
22 a lot of flurry of activity in the intellectual property  
23 bar because of that, so all that was before Congress when  
24 it amended it, and Congress did not go to any per se test  
25 at that time, and so you've got two Federal laws here, and



1 under the Morton case and the Ruckelshaus case which are  
2 cited.

3 QUESTION: Is there evidence, Mr. Artz, that  
4 Congress affirmatively approved the Tenth Circuit case?

5 MR. ARTZ: No, they did not. I mean, because  
6 they -- what they -- they actually -- the legislative  
7 history mentions the fact that their patent expiration,  
8 and people might be trying to get trademark protection  
9 after the expiration of the patent, and then they go on to  
10 add functionality.

11 QUESTION: Well, I -- you -- I thought part of  
12 your argument was that the Tenth Circuit had decided this  
13 case in 1995 and it was quote, before, close quote,  
14 Congress at the time it made the amendments. What is the  
15 purport of that?

16 MR. ARTZ: Well, what I'm saying is, in 1995  
17 that Vornado case was there, and in 1998 Congress amended  
18 the trademark act. Now, there's no legislative history  
19 that I can see that actually mentioned the Vornado case.  
20 I'm saying that it probably --

21 QUESTION: But you're not -- you're arguing, I  
22 hope, something more than post hoc ergo propter hoc.

23 MR. ARTZ: Yes. Yes, I am, Your Honor.

24 QUESTION: Would you go back to Justice  
25 O'Connor, which I thought was the key question, and I

1 didn't --

2 MR. ARTZ: Yes.

3 QUESTION: -- hear the answer. I mean, I know  
4 Qualitex. I'm surprised not at your reading, because  
5 that's your job, but I'm pretty surprised at the Tenth  
6 Circuit, the court, which -- I learned you read the whole  
7 case, what the context is not just a sentence taken out of  
8 context, so I obviously thought that Qualitex was about a  
9 doctrine called aesthetic functionality.

10 I thought, on page 165 where the court quotes  
11 the tradition, what's in quotes, the definition, a product  
12 feature is functional if it is essential to the use or  
13 purpose of this article, all in quotes, or if it affects  
14 the cost or quality of the article, okay, end of the  
15 matter. Now it adds, because that's what happens to be  
16 relevant to aesthetic functionality, that is, if exclusive  
17 use of the feature would put competitors at a significant  
18 nonreputational disadvantage. That last clause is  
19 relevant to what happens to be the subject of this case,  
20 called aesthetic functionality.

21 MR. ARTZ: Yes, Your Honor.

22 QUESTION: Two pages later, in case that wasn't  
23 clear, the case quotes Restatement Third about aesthetic  
24 functionality and says, in respect to aesthetic  
25 functionality, i.e., color, quote, the ultimate test is

1       whether the recognition of trademark rights would  
2       significantly hinder competition, all right.

3               MR. ARTZ:   Yes.

4               QUESTION:  But nothing in the case --

5               MR. ARTZ:  No.

6               QUESTION:  -- purports to change any earlier  
7       test in respect to anything else --

8               MR. ARTZ:  Well, that's --

9               QUESTION:  -- or even change anything there, so  
10      as I read the case that seemed to be its reading, which  
11      would say in this case, which isn't about aesthetic  
12      functionality, we apply what is the traditional test.

13              MR. ARTZ:  Well, every case which has actually  
14      looked at functionality actually has come up with the  
15      result that the Sixth Circuit did, the Seventh Circuit  
16      did --

17              QUESTION:  Maybe, but I thought the place you  
18      look for a test is in the Supreme Court opinions, and in  
19      the Supreme Court opinions, Qualitex quotes the  
20      traditional test.  It didn't make it up.

21              MR. ARTZ:  That's correct.

22              QUESTION:  It said, in general terms a product  
23      feature is functional if it is essential to the use or  
24      purpose of this article, or it affects the cost or quality  
25      of the article.  That's all in quotes.  The rest is

1 explanation as applied here.

2 So if we take that as the test, why isn't that  
3 the test?

4 MR. ARTZ: Well, the Supreme Court goes on in  
5 the Qualitex case and says, that is -- that is, if  
6 exclusive use of the feature would put competitors at a  
7 significant nonreputational related disadvantage.

8 QUESTION: Well, that was my question. My  
9 question was as to that add-on, doesn't that have to do  
10 with an explanation of the test as relevant to the issue  
11 before the Court in Qualitex --

12 MR. ARTZ: I think that --

13 QUESTION: -- namely, aesthetic functionality,  
14 which is an aspect of quality I think people could argue  
15 about.

16 MR. ARTZ: I think that is the test, Your Honor,  
17 whether or not --

18 QUESTION: The test in the case of aesthetic  
19 functionality?

20 MR. ARTZ: Yes.

21 QUESTION: Fine. Is this a case of aesthetic  
22 functionality?

23 MR. ARTZ: I believe it is, yes.

24 QUESTION: Aesthetic? It involves color?

25 MR. ARTZ: It involves how things look, the

1 appearance, visual --

2 QUESTION: Everything in design involves how  
3 things look.

4 MR. ARTZ: Okay.

5 QUESTION: I mean, that's --

6 MR. ARTZ: Well, it's aesthetic in that sense,  
7 but it's not -- it doesn't involve color, no, it does not.  
8 It's not like the color that was allowed in the Qualitex  
9 case, but I think that is the test.

10 QUESTION: It involves size and shape, and this  
11 discussion about Qualitex and aesthetic functionality  
12 doesn't get into what effect the patents, if any, has on  
13 functionality, and in your view does the patent -- your  
14 having had a patent, building up goodwill, free, over 20  
15 years, nobody can compete with that, so if you've got  
16 secondary meaning it's because you have been able to keep  
17 everybody off.

18 We've been dealing with cases in your discussion  
19 where there was no patent in the picture. How should the  
20 fact that there was a patent bear on the inquiry that was  
21 made in cases where there was no patent?

22 MR. ARTZ: Justice Ginsburg, I think that the  
23 case, Midwest case by the Federal Circuit, the Thomas &  
24 Betts case of the Seventh Circuit, our case, Sixth  
25 Circuit, and the Sunbeam case, Fifth Circuit, all apply

1 the proper test. There are different forms of  
2 intellectual property laws, or IP laws, as I call them,  
3 you've got five different basically Federal laws on  
4 intellectual property, patents, copyrights, trademarks,  
5 trade dress, unfair competition. They're all separate and  
6 distinct.

7 The fact that you have a patent on something,  
8 that is different than whether or not you can have a trade  
9 dress on something. Patent would be relevant in the sense  
10 that under this commercial necessity test, if there's only  
11 one way to make that product, that was look and  
12 experience, then it's functional, and so in that sense the  
13 functionality test would apply and the patent, if it says  
14 something about the functionality, that would be relevant  
15 to the functionality test in the trade dress area, but  
16 they're separate and distinct, and they always have.

17 Design patents, for example --

18 QUESTION: They may be separate and distinct,  
19 but they bear upon one another, and there seems to be  
20 something horribly unfair about allowing someone who has  
21 acquired a secondary meaning in the trade dress only  
22 because of the patent -- let's say the shape of a Coca-  
23 Cola bottle.

24 I mean, you know, if that wasn't patented,  
25 somebody else could have come out with the same shape

1 bottle as soon as it -- you know, as soon as the first  
2 ones came off the line they could say, gee, that's a nice-  
3 looking bottle, and they could have copied it, but you  
4 couldn't copy it because it was patented, and therefore,  
5 by reason of the patent, for 17 years Coca-Cola acquires a  
6 secondary meaning. Anyone who sees that bottle would say,  
7 it's Coca-Cola.

8           Then, when the patent expires, Coca-Cola in  
9 effect extends the patent by parlaying what was the design  
10 patent into what is now trade dress protection, because  
11 they say, well, gee, everybody knows that that's a Coca-  
12 Cola bottle, but the only reason they know is because  
13 you've been given a monopoly for 17 years, and it doesn't  
14 seem right to enable you to extend that monopoly  
15 indefinitely. The only reason you acquired the secondary  
16 meaning was because of the patent. That's unlike other  
17 companies that get secondary meanings without a patent.  
18 Doesn't there seem any incompatibility with the patent law  
19 to you?

20           MR. ARTZ: No, I don't think it's unfair at all,  
21 Your Honor. I think they're separate and distinct.

22           I agree that perhaps, if you have this 17-year  
23 monopoly on this patent, that might help you on the trade  
24 dress area with respect to secondary meaning, but then, of  
25 course, just as we found here, the functionality test, the

1 fact that you had a patent on it actually hurts you. It  
2 might be a wash between those two.

3 The trade dress has three separate and distinct  
4 tests. You have to show it's distinctive -- in other  
5 words, it has secondary meaning -- and the public  
6 recognizes it as something which comes from a certain  
7 source. It's a source identifier. You have to show it's  
8 nonfunctional. However, trademark law has been amended,  
9 which specifically says you have that burden of proof if  
10 it's unregistered. You have to show it's nonfunctional.  
11 Under the Qualitex case in my opinion you have to show  
12 whether it's competitive necessity, then you've got to  
13 show whether there's a likelihood of confusion.

14 You may have a product that looks exactly the  
15 same as yours, but if you can't show there's a likelihood  
16 of confusion, you don't win. You need all three of those  
17 tests in the trade dress area.

18 QUESTION: There's a problem --

19 QUESTION: Well, it's the second that we're  
20 arguing about, I think. I think it's the second, when you  
21 have to show that it's functional, and I find it hard to  
22 think that it's not functional when you have a patent on  
23 it. You only give patents to things that are functional.

24 MR. ARTZ: I think functionality, Your Honor,  
25 legal functionality is really a misnomer, like I believe



1 in the Wal-Mart case the secondary meaning was looked at  
2 as being a misnomer. It was really acquired meaning,  
3 acquired meaning afterwards. Legal functionality really  
4 is a misnomer.

5 Every product has a function. The Coke bottle  
6 has a function, obviously. It's useful, has a purpose.  
7 It's got a flat bottom so it doesn't tip over. It's got a  
8 narrow waist so you can grab it, a narrow spout so you can  
9 drink it easier, it's clear so you can see it. Those are  
10 all functional, useful, purposeful.

11 QUESTION: Aesthetic functionality isn't  
12 conceivably in this case. They're the ones that argue  
13 functionality, not you. They're the ones that say that  
14 the product is functional. They're not saying that the  
15 functionality of your product arises from the way it  
16 looks. They're not saying, like color, it warns people  
17 that the boat's black.

18 They're saying that the functionality of the  
19 product is that the springs prevent it from twisting in  
20 the wind. Now, that isn't a claim of aesthetic  
21 functionality, and I don't see how you could even closely  
22 claim that it is.

23 MR. ARTZ: Well, I think the functionality test  
24 that's been developed in Qualitex applies to any type of  
25 trade dress --

1           QUESTION: Ah, wait. I thought what you said  
2 is, you agreed with me before that Qualitex is talking  
3 about aesthetic functionality, that we apply the normal  
4 test without that little add-on, but we apply Restatement  
5 Three, the aesthetic functionality test, which is the add-  
6 on, where they make the claim that the reason this product  
7 is functional is because of the way it looks, i.e., the  
8 pipes are painted orange as a warning, which is not their  
9 claim in this case.

10           Am I -- now, where am I wrong in that?

11           MR. ARTZ: I think the test that's set forth in  
12 Qualitex that Your Honor says is for just aesthetic  
13 functionality applies in every functionality test. I  
14 think that's the difference.

15           QUESTION: So then the pages written at 169 and  
16 170, and trying to explain just what we're driving at are  
17 sort of beside the point.

18           MR. ARTZ: Yes. It says in general terms a  
19 product feature is functional and cannot serve if, and  
20 then you say it's essential to use or purpose. I mean,  
21 that's broad and ambiguous. Everything has a use or  
22 purpose, and then you say, if it affects the cost or  
23 quality. Virtually everything affects the cost or  
24 quality, so it seems to me the only objective test you  
25 have here, because it relates to competitors and

1 consumers, is whether or not it puts competitors at a  
2 significant disadvantage in the marketplace.

3 QUESTION: Can we apply that test, because I'm  
4 having a little trouble connecting to the real world and  
5 the device before us and these multi-factor tests and even  
6 what you've just been saying.

7 Tell me what it is in your formerly patented  
8 device that Traffix can copy now that the patent has  
9 expired. Can it make a sign with those two coil springs  
10 adjacent to each other?

11 MR. ARTZ: Yes, it can, Your Honor.

12 QUESTION: If you could describe to me what it  
13 can copy and what it must change I would have a more  
14 secure handle on what your case is.

15 MR. ARTZ: Our trade dress, Your Honor, it's  
16 really a combination of five features. It's got your X-  
17 shaped legs, a narrow base, a pair of upright vertical  
18 coil springs, an upright attached to that, as well as this  
19 diamond-shaped sign above it, and I have a model of it  
20 that actually shows what it is here. This is in the  
21 record before the court of appeals.

22 Now, they could change any one of those. They  
23 could keep the coil springs if they change some other  
24 configuration to make it look different, to give it a  
25 visual -- different visual appearance. Like, right now,

1 even the vice president and their technical expert say  
2 that when they see a sign like this one driving along the  
3 road, they know it comes from Marketing Displays. They  
4 know it's a Windmaster.

5 QUESTION: But there aren't that many things to  
6 adjust. I mean, one of the things about Qualitex and the  
7 green/gold you could have tan/silver, any number of  
8 combinations that would serve that purpose, but for that  
9 road sign that's not going to blow in the wind you have to  
10 have those springs, and you have to have some kind of  
11 base, and there aren't that many variations.

12 QUESTION: And the law requires the shape of the  
13 sign. I mean, in many States that shape of a sign  
14 indicates a certain type of warning, so what's left?  
15 There's nothing left but the legs, and --

16 MR. ARTZ: You have --

17 QUESTION: And your friend over there says that  
18 they changed the legs. They did change the legs.

19 MR. ARTZ: Now --

20 QUESTION: Somebody who sees their legs say,  
21 gee, it has the -- what do you call them -- step-down  
22 legs, or whatever it is, so the one thing it seemed to me  
23 that they could have changed, they did change.

24 MR. ARTZ: No, they kept the same visual  
25 appearance and image, Your Honor.

1                   This was what the patent covered with a product  
2 such as this. They could have gone to something like  
3 this, with a wide base, a pair of springs way apart, they  
4 could have gone to straight legs like this, they could  
5 have gone to an upright like this, rather than this, and  
6 attached the sign to it.

7                   This is what the patent covered. This is what  
8 was shown in the patent. This is only found to infringe,  
9 under the doctrine of equivalents, which took several  
10 years and several thousands of dollars for MDI to prove  
11 it, and that's the problem with a per se test.

12                   QUESTION: Because that one in your right hand  
13 probably works better.

14                   MR. ARTZ: I think so.

15                   (Laughter.)

16                   QUESTION: Yes, and that's why they wanted to  
17 copy it, and not something that worked less well.

18                   MR. ARTZ: Well, the thing here is a competitive  
19 necessity test. I think it's important, because there are  
20 really, like, eight competitors in this marketplace, MDI,  
21 Traffix, and six others. Six others all came up with sign  
22 stands which looked different. They have different spring  
23 mechanisms in particular. There's flat springs,  
24 horizontal spring, there's a torsion spring, and so  
25 Traffix said, I had to copy MDI's, yet all the other

1 competitors made their own design. They came up with sign  
2 stands which look different. They have different visual  
3 appearance. So there are seven types of sign stands out  
4 there, MDI's, six others, and then Traffix'.

5 QUESTION: You know, I have to confess that  
6 I'm -- I find it a little difficult to imagine that most  
7 motorists are looking at what -- the legs of the sign  
8 instead of the message on the sign.

9 (Laughter.)

10 QUESTION: I find it hard to believe that people  
11 really identify with two legs or three. I don't have the  
12 slightest idea how many legs there were on most of the  
13 signs I've looked at when I was driving along.

14 QUESTION: I've been looking in the last week.  
15 It's very interesting.

16 (Laughter.)

17 QUESTION: I gather you don't care about the  
18 motorists. You just care about the highway purchasing  
19 departments.

20 MR. ARTZ: That's it, yes.

21 QUESTION: Right?

22 MR. ARTZ: It does -- confusion as to the  
23 purchaser, who the relevant purchasers --

24 QUESTION: You couldn't care less about the  
25 motorists. You just want to sell the signs.

1 (Laughter.)

2 QUESTION: Could I ask you a question about the  
3 patent part? I'd like to ask you about the patent part,  
4 and will you assume for purpose of this that Qualitex is  
5 about color, which is a matter that doesn't easily fit  
6 within the terms, you know, purpose, use, cost or quality,  
7 and suppose here we're dealing with something that does  
8 easily fit within those terms, all right, so keep Qualitex  
9 out of it.

10 Now, assuming that that's so, what would be  
11 wrong -- and they come in and they say, look, these  
12 springs are part of the function. They're part of the  
13 function. They're essential to the use, these springs, in  
14 this way.

15 Now, should there be an absolute presumption  
16 that if you one day said -- I'm not saying what you did  
17 say, but we'll assume this. If you one day said in the  
18 patent application, I have a great idea here, and my idea  
19 is to have two springs just like this, and then later on,  
20 when it's expired, they say, that was the heart of it. It  
21 was useful. Should the fact that you said that one day in  
22 the patent be the end of the matter, nobody ever looks  
23 further?

24 There is a -- what the Government said here is  
25 where as an expired utility patent discloses that the

1 feature alleges trade dress contributes to the operation  
2 of the formerly patented device, the feature must be  
3 considered function. Now, that's the Government's  
4 suggestion.

5 MR. ARTZ: Okay.

6 QUESTION: All right. Now, you can of course  
7 argue that wasn't essential, et cetera, but my problem's a  
8 general one, leaving this case out of it. Should that be  
9 the test?

10 MR. ARTZ: No, it should not be the test.

11 QUESTION: Because?

12 MR. ARTZ: Because I think what you say in the  
13 patent could be relevant, and the patent obviously is  
14 going to be put into every trade dress case, and that is  
15 one of the reasons I think that trade dress tests, that  
16 their absolute test is unworkable, because in every  
17 trademark case now what you're going to have is, a  
18 defendant's going to run out and scour the 5 million  
19 expired patents, find one which has a claim which may read  
20 on this trade dress, accused trade dress and say, a-ha,  
21 it's dedicated to the public on this other, somebody  
22 else's patent.

23 See, one of the things that --

24 QUESTION: It would seem to me that would be,  
25 even under your rule, a -- well, maybe not under your, but



1 under the Government's rule, quite an appropriate thing to  
2 do, to show that there is functionality that the patent  
3 office has recognized.

4 MR. ARTZ: Well, again I don't want you to  
5 confuse legal functionality with something that's useful  
6 in purpose, because legal functionality is different.  
7 It's a legal test. It means, as in the Qualitex case, I  
8 believe, or it means what is competitive necessity to use  
9 it, and just now, recently, in the 1998-1999, Congress  
10 made amendments to the Lanham Act and it did not go for an  
11 absolute test. It did not go for a test for use or  
12 purpose. What it did, it just said, if it's -- you know,  
13 burden of proof of functionality is going to be on the  
14 party saying it's nonfunctional.

15 QUESTION: Mr. Artz --

16 MR. ARTZ: Yes.

17 QUESTION: -- I hadn't realized it, you are not  
18 complaining about their use of the double spring feature.  
19 That's not the complaint. You said they could have --

20 MR. ARTZ: No.

21 QUESTION: -- used the double springs if they  
22 had put them separate --

23 MR. ARTZ: Yes.

24 QUESTION: -- separately and apart.

25 MR. ARTZ: -- possibly, in a bit different

1 visual image and appearance, Your Honor.

2 QUESTION: And the double springs next to each  
3 other was not part of your original patent application --

4 MR. ARTZ: No, it was not.

5 QUESTION: -- that they were originally apart.

6 MR. ARTZ: That's right.

7 QUESTION: So the issue, really, is simply the  
8 functionality of putting the springs close together.

9 Now, what if putting the springs close  
10 together -- it would have nothing to do with the patent,  
11 but what if putting the springs close together makes the  
12 sign more stable?

13 MR. ARTZ: Actually, technically it would make  
14 it less stable. It would make it easier, more easy to  
15 twist.

16 QUESTION: Okay, but if it made it more stable,  
17 then you would acknowledge that they could copy even that  
18 feature, the unpatented feature?

19 MR. ARTZ: No. They have an improvement in  
20 performance that they say is more stable, but it doesn't  
21 mean that they can still copy it if it's part of our trade  
22 dress.

23 There's a -- the -- our trade dress has a number  
24 of features, as I mentioned before. It's not just the  
25 coil springs. They could use coil springs close together

1 as long as they change the base, or change the legs, or  
2 change something which gave it a different visual  
3 appearance to the public.

4 One of the touchstones here of the trademark  
5 Lanham Act is to prevent confusion of the public, the  
6 public buying this. You don't want to confuse or deceive  
7 the public, which this does --

8 QUESTION: Well, the public isn't buying it.  
9 It's highway departments that are buying it. The public  
10 isn't buying this sign, is it?

11 MR. ARTZ: That's the relevant public for this  
12 purpose, Your Honor, yes.

13 QUESTION: Yeah, it's the highway department  
14 purchasers.

15 MR. ARTZ: That's correct.

16 QUESTION: And doesn't the State typically  
17 regulate the shape of the sign, as Justice Scalia asked  
18 you?

19 MR. ARTZ: Yes.

20 QUESTION: I mean, diamond shape indicates a  
21 certain kind of warning, does it not?

22 MR. ARTZ: Correct.

23 QUESTION: So they can use that shape and color,  
24 presumably. That's necessary.

25 MR. ARTZ: Yes, I agree, Your Honor.

1           QUESTION: So what are we arguing about, the  
2 legs?

3           MR. ARTZ: The -- yes, legs, the shape, the  
4 base, and the springs, and then the upright. It's a  
5 single upright, too. This doesn't have the single upright  
6 because it's a small model.

7           QUESTION: Well, what is the base, after you get  
8 through with the legs, and the upright, and the springs?

9           MR. ARTZ: Uh-huh.

10          QUESTION: I mean, could you -- you indicate,  
11 what are we arguing about, the legs and the base.

12          MR. ARTZ: There's no -- I don't think there's  
13 any doubt that these have a different visual appearance.  
14 One has a wide base, one has a narrow base, one has  
15 straight legs, one has X-shaped legs.

16          QUESTION: So when you say base, that really is  
17 another way of saying the legs?

18          MR. ARTZ: No, it's what the legs are attached  
19 to. It would be this -- this part in between the legs,  
20 and here are the bases. It's what the legs are connected  
21 to.

22          QUESTION: But obviously you're holding up one  
23 that's a rectangle, so it makes sense to have the posts on  
24 either side, as opposed to the diamond shape, where it  
25 makes sense to have it in the middle. I mean, you're not

1 showing us an equivalent-shaped sign.

2 MR. ARTZ: Well, this, under the doctrine of  
3 equivalents, this was held to be an infringement. But  
4 right, individual appearance, I think they are different,  
5 and so from a trade dress standpoint these are two  
6 different products.

7 QUESTION: Well, you're willing to fight out  
8 the -- I gather you're willing to fight out the  
9 functionality battle as to whether putting the two springs  
10 right next to each other instead of apart is a functional  
11 matter. You're willing -- are you willing to combat on  
12 that ground?

13 MR. ARTZ: Well, I -- whether it's useful, has a  
14 purpose, I mean, if that's functionality --

15 QUESTION: Whether it's functional within the  
16 meaning of the trade dress restriction.

17 MR. ARTZ: Well then the answer, I agree -- I  
18 think is no, because is there a competitive necessity to  
19 have them together? The answer is no.

20 QUESTION: Okay, but you would agree that that  
21 inquiry would be addressed to the spacing of the springs.

22 MR. ARTZ: Only --

23 QUESTION: Even if we think that the use of  
24 double springs is automatically no basis for giving you  
25 trade dress protection, since you had patented the double

1 springs, you hadn't patented whether they were close  
2 together or far apart and so whether putting them close  
3 together, as your opponent did, is a violation of trade  
4 dress protection would depend upon whether putting them  
5 close together is functional within the meaning of trade  
6 dress law, right?

7 MR. ARTZ: It's whether or not their whole  
8 visual appearance, of a combination of five features, is  
9 functional in the competitive necessity test. That's  
10 why --

11 QUESTION: I thought you a minute ago  
12 acknowledged that if the two springs were closer together  
13 it would be less wind-resistant than otherwise, which  
14 seems to me demonstrates it has some functional  
15 significance whether they're close or not. If one is a  
16 -- better resistant to the wind than the other, doesn't --  
17 isn't that functional, isn't that enough to prove  
18 functionality?

19 MR. ARTZ: Not the legal functionality test --

20 QUESTION: Not under all these tests, but why  
21 shouldn't it be enough?

22 The Government argues that the competitive need  
23 is a sufficient proof but not a necessary proof of it as a  
24 defense to the trade dress argument.

25 MR. ARTZ: Well, the problem you have, Your

1 Honor, is that tests -- either the Government's test or  
2 Traffix' test is going to be unworkable, because you could  
3 have company A that makes this product, or comes up with  
4 this idea, company B. Company A gets a patent on it, goes  
5 17 years.

6 Company B doesn't get a patent, and gets trade  
7 dress protection on it, and yet company A for some reason  
8 doesn't sue them, but when this patent expires, that means  
9 all the trade dress that company B has developed over all  
10 those years is shot. It's out the window, because it  
11 happens to be the subject of a patent.

12 See, that's a problem with this per se test that  
13 they're saying.

14 QUESTION: I don't -- I thought as a factual  
15 matter that there are five features in your patent,  
16 including the legs, all the other things of appearance,  
17 but the district court found that there are a lot of other  
18 competitors that have every one of those features, so it's  
19 not unique but for the spaced-apart coil springs, so that  
20 all were -- is that true?

21 MR. ARTZ: That's true.

22 QUESTION: All right, so all we're talking  
23 about -- and then I thought also as a factual matter that  
24 somebody before the patent expired used those two spaced-  
25 apart springs in that narrow configuration that your

1 finger's on right now.

2 MR. ARTZ: Uh-huh.

3 QUESTION: And you sued them, and it was found  
4 in your claim, in your view, those spaced-apart that much,  
5 not wide apart, violated your patent, and you won.

6 MR. ARTZ: Well, the patent covered some other  
7 things other than that. They had to have initial  
8 compression along the coils of the spring. They also had  
9 to meet a certain geometric relationship with the center  
10 of gravity --

11 QUESTION: But they didn't get out of it -- they  
12 didn't get out of your patent, because the springs were  
13 close together rather than being far apart.

14 MR. ARTZ: Well, that's the doctrine of  
15 equivalents, and --

16 QUESTION: Yeah.

17 MR. ARTZ: -- one language of the claim which  
18 calls for spaced-apart springs, and then we --

19 QUESTION: That's right.

20 MR. ARTZ: It was equivalent from a patent  
21 standpoint whether two springs together were the  
22 equivalent of two springs spaced apart.

23 QUESTION: That's right, so I --

24 MR. ARTZ: That was that issue.

25 QUESTION: Yeah.



1           MR. ARTZ: That's only one of several issues in  
2 that patent case, and the fact that the others happened to  
3 use this coil spring, they used the other parts, that  
4 shows you that you can change one or two parts of this  
5 particular trade dress and comes up -- have something that  
6 looks completely different. In that case, the competitors  
7 made a flat spring, they had a horizontal spring, they put  
8 two springs at 45-degree angles, you could change the  
9 legs, you could change the upright -- all of those might  
10 give a different visual impression. That's what the Sixth  
11 Circuit said.

12           See, the district court in this case  
13 concentrated on just the two springs, and the Sixth  
14 Circuit said that was not proper because it's the overall  
15 appearance, visual, visual and image of the product which  
16 really controls. You can't look at one --

17           QUESTION: But it seems to me if the different  
18 spacing is the functional -- is a functional equivalent  
19 for patent law, then it seems to me that the spacing of  
20 the spring is part of your patent protection.

21           MR. ARTZ: All right.

22           QUESTION: As well as the nature of the springs,  
23 and so the square stand is no different for purposes of  
24 the issue in this case than the diamond-shaped stand.

25           MR. ARTZ: As long as you don't confuse the

1 patent law with the trade dress law, Your Honor, two  
2 separate and distinct, but from a patent law standpoint  
3 you're right, but not from the trade dress standpoint.

4           There's another -- right now we're looking at  
5 the public domain, and the difference is where it comes  
6 from. If it comes from a patent, it's given special  
7 recognition. You can't use it for the trade dress, but if  
8 it doesn't, then you can use it. Now, that to me is not a  
9 real consistent -- not a real consistent argument.

10           You also have the fact that as -- where do you  
11 look at the trade dress and this functionality, look at  
12 one patent, look at two patents, what if there are several  
13 patents that show it.

14           You know, what if you don't even own the  
15 patents? What if we were just a licensee and asserted it?  
16 What if you didn't own it? Would that make a difference,  
17 or if a third party owns the patent. There are several  
18 things, questions we raise at the back of our brief that  
19 Traffix and the Government really can't answer. They  
20 really do admit that if someone is the subject matter of  
21 one patent by one person, and it expires, somebody else's  
22 trade dress will expire.

23           I mean, right now we also have a situation where  
24 they're trying to get special protection for utility  
25 patents, which is different than, for example, for design

1 patents. Or, talk about something being nonfunctional,  
2 design patenting in which having this right, as you  
3 mentioned before, of an exclusive period of 14 years  
4 develop secondary meaning.

5           There's no question whatsoever that courts do  
6 allow parties to get trade dress protection in such a  
7 matter of design patents, and there you've got this  
8 secondary meaning over 14 years in which you've used it  
9 exclusively, and that goes to the look and appearance of  
10 the product, but there's no problem with having trade  
11 dress protection afterwards because it isn't functional,  
12 so why should utility patents be treated any differently?

13           And as I said initially, there are different  
14 areas of intellectual property law, you have different  
15 standards, different tests, different remedies. You know,  
16 in trade dress law you have -- in trademark law you have  
17 much different remedies to protect the public and  
18 consumers. Here --

19           QUESTION: Thank you, Mr. Artz.

20           MR. ARTZ: Thank you, Your Honor.

21           QUESTION: Mr. Roberts, you have 2 minutes  
22 remaining.

23           REBUTTAL ARGUMENT OF JOHN G. ROBERTS, JR.

24                   ON BEHALF OF THE PETITIONER

25           MR. ROBERTS: Thank you, Your Honor.

1           There was until this morning no dispute that  
2 moving the springs closer together was functional. If you  
3 look at petition appendix page 54a, there is the  
4 explanation from MDI's chief engineer that doing so makes  
5 the sign more compact and weighs less, very important if  
6 you're ferrying these things up and down the highway, and  
7 also makes it less expensive to manufacture.

8           As far as the two different sign stands, the  
9 diamond one with the closely spaced springs, joint  
10 appendix page 236, MDI said that those signs, even though  
11 the other one was depicted in their patent, that the  
12 closely spaced springs were, quote, slavish copies from  
13 the standpoint of function of the sign stand described and  
14 claimed in the Sartesian patents.

15           Third, that is the form in which they practiced  
16 their patent, the closely spaced springs. Kellogg,  
17 Singer, Sears, that line of cases gives Traffix Devices  
18 and any member of the public the right to copy the patent  
19 in the form in which it was practiced. That is critically  
20 important to maintain competition. Whether you begin with  
21 patent law and the right to copy from an expired patent,  
22 or trade dress law and the definition of functionality  
23 that focuses on usefulness, is it a useful product figure,  
24 you come to the same point. Traffix Devices had the right  
25 to copy the MDI sign stand when it came off patent, and it

1 did so. It did so in the way Bonito Boats explains  
2 enhances competition, imitation and refinement through  
3 imitation by adding an improvement of its own that made a  
4 more competitive product better for highway safety  
5 departments.

6 Thank you, Your Honor.

7 CHIEF JUSTICE REHNQUIST: Thank you, Mr.  
8 Roberts. The case is submitted.

9 (Whereupon, at 11:03 a.m., the case in the  
10 above-entitled matter was submitted.)

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